



CAREC Economic and Financial Stability Cluster Forum
CAREC High-Level Policy Dialogue on Covid-19 Pandemic - Financial Stability
Implications and Regional Cooperation (2 hours)

Background

The Covid-19 pandemic has posed unprecedented challenges to the global economy and financial system to date: global macro-economic shocks and recession of uncertain magnitude and duration, and disruption in the global financial system with heightened risks and diminishing supply of credits to sustain the real economy. The latest Global Financial Stability Report published by the Financial Stability Board (FSB) shows that the further intensification of the crisis could affect global financial stability.

In the CAREC region, the impact of Covid-19 has hit the real sectors of economy, including industry and construction, and the financial system with increased non-performing loans (NPLs) in banking sector, drained credits for micro, small and medium size enterprises (MSMEs) and poorer groups of the society, and increased dollarization. In response, CAREC governments have taken decisive measures to support the economy and sustain financial system by easing monetary policies, providing liquidity through open market operation, and relaxing regulatory burdens to the banks and financial institutions. Especially in the CAREC region where the major channeling of funds to the real economy is intermediated mostly through banks and the role of non-banks and financial markets is still limited and underdeveloped, the resilience of banks will be a major concern to the central banks and regulators amidst the continuing economic slow-down.

Such challenges to the economy and financial systems caused by the pandemic calls for coordinated solutions at regional and global levels where regional cooperation platform can play a significant role by providing a venue for (i) sharing information among financial authorities on financial stability issues and policy measures planned and taken; (ii) assessing potential vulnerabilities in financial systems and discussing policy options; (iii) coordinating among member countries on devising regional mechanisms such as regional financial safety nets to deal with global/regional financial crisis.

High-Level Virtual Panel Discussion

To discuss these issues, the CAREC Secretariat proposes to conduct a high-level panel discussion comprising senior central bank officials, financial regulatory authorities, and finance ministry and other officials from CAREC countries, together with senior representatives from the ADB, International Monetary Fund, and World Bank. After a key note presentation by IMF on COVID-19 Pandemic - Financial Stability Implications and Regional Cooperation, country delegates will be invited to share their experiences and lessons learned to deal with risks posed to financial stability by the impact of the pandemic and explore the role of regional cooperation platform such as CAREC to collectively respond to those risks. The panel discussion will close with a brief summary of the main results of the discussion.



Date	14 December 2020 8:00 pm - 10:00 pm (Manila), 7:00 am -9:00 am (D.C.)
Objective	The CAREC Secretariat is inviting central banks, regulatory and monetary authorities, and other senior officials in CAREC region to share their experiences on dealing with risks to the financial stability posed by the pandemic, and discuss the role of regional cooperation and CAREC to mitigate these risks. ADB, IMF, and the WB will also share their views, explain measures on managing those risks during the crisis, and discuss the role of regional cooperation.
Format	Virtual webinar using Zoom
Participants	High level government officials including central bank, financial sector regulators, and policy makers from CAREC region, ASEAN+3 representatives (possibly CMIM or AMRO), ADB, IMF, World Bank staff

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Agenda

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Monday, 14 December 2020	
7:30–8:00	Registration to the zoom meeting
8:00–8:03	Opening Remarks Mr. Ajmal Ahmady, Governor, Central Bank of Afghanistan
8:03–8:06	Welcome Remarks Mr. Werner Liepach, Director General, CWRD, ADB
8:06–8:21	Presentation: COVID-19 Pandemic - Financial Stability implications and Regional Cooperation By Mr. Tobias Adrian, Financial Counselor and former Vice President of New York Federal Reserve, IMF
8:21–9:20	Session 1: Panel Discussion - CAREC DMCs experiences and IFI perspective Moderated Panel Discussion among panelists of CAREC DMC representatives, ASEAN+3, ADB, IMF, and World Bank Moderated by: Asli Demirgüç-Kunt, Chief Economist, Europe and Central Asia,



	<p>World Bank</p> <p>Panel discussants:</p> <ul style="list-style-type: none"> • CAREC member representatives • Subir Lall, Deputy Director of the Middle East and Central Asia Department, IMF • Martin Melecky, Lead Financial Economist on Central Asia, World Bank • Jun-Kyu Lee Head of Financial Sector Group, ADB <p>Specific questions for CAREC countries</p> <ul style="list-style-type: none"> • What are the unique challenges (banking sector, capital markets, credits for MSMEs, liquidity, dollarization, etc.) caused by the pandemic regarding financial stability and what have been the policy responses taken so far by each country? • What lessons did CAREC countries learn from previous global financial crisis and how do they respond to the current pandemic and risks to their financial systems? What are the new lessons? • What sort of support CAREC countries expect from IFIs in terms of policy and financial support to deal with those risks into 2021?
<p>9:20–9:55</p>	<p>Session 2: Open Discussion – New perspectives and role of regional cooperation to deal with global risks posed to financial stability</p> <p>Moderated by: Asli Demirgüç-Kunt, Chief Economist, Europe and Central Asia, World Bank</p> <ul style="list-style-type: none"> • All participants including CAREC countries not part of the previous panel will provide their views and perspectives • Beomhee Han, Group Head of the CMIM Support, AMRO <p>Specific topics and questions to be discussed by CAREC countries</p> <ul style="list-style-type: none"> • In what way can regional cooperation and integration efforts be relevant in responding to such global and regional challenges to financial stability caused by COVID-19 especially when people and goods movements are extremely constrained and discouraged? • What could be the roles of regional cooperation platforms such as CAREC to effectively prevent, mitigate, and respond to those global risks posed to the financial stability? • What are some new and emerging perspectives globally and regionally on dealing with risks posed to financial stability caused by the pandemic?
<p>9:55–10:00</p>	<p>Summary and Closing Remarks</p>